

### REMARKS

Claims 1-30 are presently pending in this application. By this Reply, Applicant is amending claims 1, 3, 4, 14, 16, 17 and 23 adding new dependent claims 34 and 35 (depending on claim 1 and claim 14, respectively). Applicant respectfully submits the amendments do not add new matter and are fully supported by the application as originally filed. Accordingly, claims 1-30 and 34-35 are at issue.

Applicant would like to thank the Examiner for her time during an Interview on July 16, 2007. The Applicant attended the Interview in person and the Applicant's attorney attended via telephone.

During the Interview, Applicant described the method of the present invention and the interrelationship between the primary participants involved in the method. In particular, the Applicant described how a first institution - such as bank, and a second institution - such as a Contractor or Lender, can cooperate to take advantage of the other's strengths in a lending situation. In this regard, one key element of the method is shifting or placing the risk on the entity administering or managing the loan.

Applicant also discussed the art cited against the claims in the pending Office Action, and the differences between the cited art and the present invention. Namely, the primary reference to Levine does not disclose a method of providing a loan involving both a first institution providing money for a loan and a second institution administering a loan where the first institution is indemnified against all risk for providing the money. Similarly, King also fails to disclose this relationship or indemnification. King does disclose use of a Guaranteed Investment Contract (GIC). However, that only guarantees the interest rate, not the principle, and thus is not an indemnification against all risk. Moreover, the guaranteed interest (spread) is offered by the borrower, not the servicer, because the insurance company is the Borrower in King. (See, King column 13, lines 4-5).

Applicant also discussed the disclosure of Buchanan which is directed to a system for issuing credit cards. As set forth in the Background of Buchanan, prior systems for secured credit cards required an individual seeking the card, to maintain a savings account with the

issuing Bank at least equal to the card limit, thus insuring the amount of any balance drawn on the card. However, this is collateral from the borrower (i.e., credit card holder) and not an indemnification provided by the servicer (i.e., second institution) of all risk to the money lender. That is, no indemnification is being provided from the second institution (or insurer) as required by the claims.

The Examiner indicated that she now more fully understands the claimed invented method and the interrelationship between the entities involved in the method, and will reconsider the rejection.

Turning specifically to the pending Office Action, the Examiner has rejected claims 1-30 under 35 U.S.C. 103(a) as being unpatentable over Levine in view of King and further in view of Buchanan. Applicant respectfully traverses this rejection.

As set forth above, none of the references either alone or combined, disclose the method of the present invention. In particular, none of the references discloses a loan product offered by a first entity and administered by a second entity with no risk to the first entity for supplying money for the loan. Additionally, none of the references alone or combined disclose placing the risk in total or in part on the entity administering the loan. Accordingly, Applicant respectfully submits claims 1-30 are patentable over the combination of Levine, King and Buchanan and are in condition for allowance.

The Examiner, in Applicant's co-pending CIP application (Serial No. 09/995,955), cited to U.S. Patent No. 7,028,007 ("Abrahams") (in combination with Levine) against the claims in that application. Applicant also respectfully submitd that Abrahams does not disclose the claimed invention, either alone or combined with Levine or any of the other references cited by the Examiner.

In Abrahams, there is a Borrower, an Issuer (Money Provider & Servicer), a Holder (who may replace the Issuer as Money Provider by purchasing the loan AND the risk through a Securitization vehicle), and an Insurer. The Issuer or Holder (i.e., the money provider) is not indemnified against all risk.

In contrast, the present invention refers to a system where there is a Borrower, a Money Provider, a Servicer (and perhaps a Third Party/Insurance Company). The Servicer assumes ALL of the risk and may or may not have this indemnification/guarantee backed-up by a Third Party/Insurance Company. This "back-up" guarantee is for the benefit of the Money Provider, NOT the Servicer. So the Servicer remains 100% at risk.

The present system eliminates Interest Rate Risk, Currency Risk and Nationalization Risk when lending in a foreign country by virtue of how the system is arranged and no cost is incurred to insure against these risks since they simply don't exist. In Abrahams, someone (the Borrower) has to pay for Mortgage Insurance, thereby increasing the cost of the loan product. Foreign Interest Rate Risk, Currency Risk and Nationalization Risk remains with Abrahams, as do the duplicate costs of branding and advertising.

The present system also reduces costs, eliminates foreign risk AND protects Banks and the Governments and Taxpayers from Risk. Abrahams is simply taking a specific loan and insuring it for one specific type of risk (default) while raising the total cost to deliver the loan.

**Conclusion**

In light of the foregoing remarks, Applicant respectfully requests reconsideration and allowance of claims 1-30, and consideration and allowance of claims 34-35. The Examiner is invited to contact the undersigned attorney if there are any questions concerning this Response.

Respectfully submitted,

Dated: \_\_\_\_\_

7/20/07

By: \_\_\_\_\_

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